

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 AID-20 EB-11 SAM-01

FSI-01 PM-07 INR-10 IO-14 L-03 NSAE-00 NSC-10 PA-04

RSC-01 DRC-01 DPW-01 PRS-01 OMB-01 SS-20 SSO-00

INRE-00 NSCE-00 /156 W

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O R 271030Z FEB 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 2098

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA

CINCPAC

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CINCPACAF

CO 7 PSYOPS GP
CINCPACFLT
CINCUSARPAC
DEPCHIEF JUSMAAG UDORN
AMEMBASSY TEHRAN
USDAO/SAIGON

C O N F I D E N T I A L SECTION 1 OF 2 SAIGON 2558

EO 11652: GDS
TAGS: PINT PFOR ECON VS
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY

BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;
DOD PRO USAJFKCMA ATTN: ATCS-WL-DSA

THE WEEK IN SUMMARY

--THE CEASEFIRE

--PROMINENT CIVILIAN PRISONERS INVOLVED IN LATEST
EXCHANGE WITH COMMUNISTS

--EIGHT NEW PROVINCE CHIEFS AND ONE NEW MAYOR NAMED

--INDIGNATION OVER PARACELS CONTINUES

--PRESIDENTIAL FOREIGN POLICY ADVISOR SLOT ABOLISHED

--ACTIVITY ON OFFSHORE ISLANDS CONTINUES

--GVN WORKS TO PREVENT "PRG" PARTICIPATION
AT LAW OF WAR CONFERENCE

--BILATERALS CONTINUE AS USUAL

--PROSPECTIVE INVESTORS MEET

--PRICES STABLE

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--BLACK MARKET CURRENCY AND GOLD

I. INTERNAL

A. THE CEASEFIRE

ATTACKS-BY-FIRE (ABF) WERE PRIMARILY RESPONSIBLE FOR THE
62 PERCENT INCREASE IN INCIDENTS IN MR-1, WHERE THESE AND OTHER

FORMS OF TERRORISM WERE CONCENTRATED IN QUANG NGAI PROVINCE. PLEIKU AND BINH DINH WERE AGAIN THE MOST MILITARILY ACTIVE PROVINCES IN MR-2. IN TWO INCIDENTS IN THE FORMER, THE NVA SUFFERED HEAVY LOSSES WHEN REPULSED IN AN ATTACK ON AN ARVN BATTALION AND ABDUCTED 1,500 VILLAGERS TO SERVE AS FARM LABOR IN BASE AREA 202. THERE WAS A 20 PERCENT DECREASE IN INCIDENTS IN RELATIVELY QUIET MR-3, WHERE PRINCIPAL ENEMY ACTIVITY CONSISTED OF ABF ON GVN OUTPOSTS. RVNAF OPERATIONS CONTINUED IN PHUOC TUY PROVINCE; ENEMY WATER SAPPER ACTIVITY OF THE PREVIOUS WEEK WAS NOT CONTINUED. MR-4. REPORTS A 30 PERCENT INCREASE IN INCIDENTS, WITH ABF CONSTITUTING OVER THREE-FIFTHS OF THE TOTAL. THE GVN OFFENSIVE AGAINST TRI PHAP IS IN ITS SECOND WEEK, WHILE MILITARY ACTIVITY IN SURROUNDING AREAS HAS REMAINED ROUGHLY AT PREVIOUS LEVELS. ENEMY INITIATIVES WERE WIDE-SPREAD AND INEFFECTIVELY COUNTERED IN THE SOUTHERN DELTA, AND ONCE AGAIN PARTICULARLY NOTABLE THROUGHOUT KIEN GIANG PROVINCE. THE GVN/PRG PERSONNEL RELEASES HAVE ENTERED THEIR THIRD AND FINAL PHASE AND ARE SCHEDULED TO TERMINATE ON MARCH 6.

B. PROMINENT CIVILIAN PRISONERS INVOLVED IN LATEST EXCHANGES WITH COMMUNISTS

DURING LAST WEEK'S PROGRAM OF PRISONER EXCHANGES WITH THE COMMUNISTS (SEE ITEM 1A ABOVE), PROMINENT COMMUNIST CADRE TRAN NGOC HIEN (EX-DEPUTY TRAN NGOC CHAU'S BROTHER) AND LEFTIST LAWYER NGUYEN LONG ACCEPTED RELEASE TO THE COMMUNIST SIDE, WHEREAS THE WELL-KNOWN STUDENT ACTIVIST HUYNH TAN MAM AND FORMER PRESIDENTIAL ADVISOR HUYNH VAN TRONG (CONVICTED ON A SPY CHARGE IN 1969) OPTED FOR RELEASE TO THE RVN SIDE. TRAN NGOC CHAU HAS NOT YET BEEN PROCESSED. ALTHOUGH CHAU IS UNDERSTOOD TO BE ON THE LIST FOR EXCHANGE, IT APPEARS THAT THE GVN IS CURRENTLY REVIEWING HIS CASE AND IT IS POSSIBLE THAT NO

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ATTEMPT WILL BE MADE TO RETURN HIM TO THE OTHER SIDE.

WE ARE NOT CERTAIN WHAT PROCEDURES WILL BE FOLLOWED IN THE "RALLYING" OF MAM AND TRONG. MAM DID NOT AGREE TO "RALLY", BUT BOTH HE AND TRONG WE UNDERSTAND ARE BEING TURNED OVER TO THE CHIEU HOI AUTHORITIES. THIS IS THE PROGRAM RESPONSIBLE FOR PROCESSING RALLIERS.

C. EIGHT NEW PROVINCE CHIEFS AND ONE NEW MAYOR NAMED

ON FEB 23, A GVN SPOKESMAN ANNOUNCED THAT NEW CHIEFS WERE BEING ASSIGNED TO EIGHT PROVINCES AND ONE MUNICIPALITY IN MILITARY REGIONS 2, 3, AND 4. THREE OF THE NEW CHIEFS ARE DIRECT TRANSFERS FROM OTHER PROVINCES. IN MR-2, THERE WERE FOUR CHANGES. LTC LUU THANH HUU, FORMERLY

LAM DONG PROVINCE CHIEF, HAS REPLACED LTC NGUYEN VAN TINH AS MAYOR OF THE CAM RANH MUNICIPALITY. LTC HUU HAS BEEN SUCCEEDED IN LAM DONG BY LTC HOANG CONG THU WHO WAS FORMERLY ON THE II CORPS/MR-2 IG'S STAFF. IN PHU YEN AND KONTUM, THE PROVINCE CHIEFS HAVE SWITCHED JOBS. LTC MAI XUAN HAU HAS MOVED FROM PHU YEN TO KONTUM, AND LTC BUU HAP HAS MOVED FROM KONTUM TO PHU YEN.

THERE WAS ONLY ONE CHANGE IN MR-3. COL. MACH VAN TRUONG, PROVINCE CHIEF OF LONG KHANH AND REGARDED AS A HOLD-OVER FROM THE TIME OF FORMER III CORPS/MR-3 COMMANDER LTG NGUYEN VAN MINH, WAS REPLACED BY LTC LE ANH NGUYET. NGUYET HAS SERVED FOR THE PAST SEVERAL YEARS AS A DISTRICT CHIEF, FIRST IN LONG AN AND MORE RECENTLY IN GIA DINH.

MR-4 HAS FOUR NEW PROVINCE CHIEFS. COL. NGUYEN VAN CUA (SAME NAME AND RANK AS THE BINH DUONG PROVINCE CHIEF) REPLACES COL. NGUYEN DANG PHUONG. CUA IS AN ARMOR OFFICER FORMERLY ATTACHED TO THE NOW-DISSOLVED 44TH SPECIAL TACTICAL ZONE. IN GO CONG, LTC PHAM VAN LE, FORMER DEPUTY COMMANDER OF THE 44TH STZ, HAS REPLACED LTC TRAN TRONG NGHIA. THE VINH BINH PROVINCE CHIEF IS COL. NGUYEN VAN LOC, FORMERLY ASSIGNED TO THE PRESIDENTIAL GUARD IN SAIGON. HE REPLACES LTC CAO TAN HAP. IN VINH LONG, WHERE THE FORMER PROVINCE CHIEF WAS ABRUPTLY REMOVED IN JANUARY, COL. LE CHI CUONG, AN XUYEN PROVINCE CHIEF 1969-72, HAS TAKEN CHARGE OF THE PROVINCE.
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ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 AID-20 EB-11 SAM-01

FSI-01 PM-07 INR-10 IO-14 L-03 NSAE-00 NSC-10 PA-04

RSC-01 DRC-01 DPW-01 PRS-01 OMB-01 SS-20 INRE-00

SSO-00 NSCE-00 /156 W

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O R 271030Z FEB 74
FM AMEMBASSY SAIGON
TO SECSTATE WASHDC IMMEDIATE 2099
INFO AMEMBASSY BANGKOK
AMCONSUL BIEN HOA
AMEMBASSY BUDAPEST
AMEMBASSY CANBERRA
AMCONSUL CAN THO
AMCONSUL DANANG
AMEMBASSY JAKARTA
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USIA WASHDC
AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON
USDEL JEC PARIS UNN
CIA
DIA
JCS
JUSMAAG
WHITE HOUSE
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CINCPACAF
CO 7 PSYOPS GP
CINCPACFLT
CINCUSARPAC
DEPCHIEF JUSMAAG UDORN
AMEMBASSY TEHRAN
USDAO/SAIGON

C O N F I D E N T I A L SECTION 2 OF 2 SAIGON 2558

BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;
DOD PRO USAJFKCMA ATTN: ATCS-WL-DSA

D. INDIGNATION OVER PARACELS CONTINUES

CONDEMNATIONS OF COMMUNIST CHINA'S ASSAULT ON THE PARACEL

ISLANDS AND CLAIMS OF SOVEREIGNTY OVER THE SPRATLYS CONTINUE TO BE REPORTED IN THE PRESS, THROUGH THE NUMBER OF REPORTS IS DIMINISHING WITH THE PASSAGE OF TIME. GROUPS OF VIETNAMESE LIVING IN PHNO PENH AND VIENTIANE AND THE BAR ASSOCIATION OF SAIGON WERE AMONG THOSE REPORTEDLY CENSURING THE ACTIONS OF THE PRC THIS WEEK. IN GIA DINH, THE PROVINCIAL OFFICE OF THE MINISTRY OF INFORMATION GUIDED PEOPLE FROM VARIOUS COMMUNITY ORGANIZATIONS, LABOR UNIONS, AND LOCAL COMPANIES ON A TOUR OF THE HQ 16, HQ 4, AND HQ 5, THREE VNN VESSELS WHICH HAD JUST RETURNED FROM THE PARACELS.

II. EXTERNAL

A. PRESIDENTIAL FOREIGN POLICY ADVISOR SLOT ABOLOSHED

POST OF SPECIAL ASSISTANT TO THE PRESIDENT FOR EXTERNAL AFFAIRS, NOW HELD BY NGUYEN PHU DUC, AMBASSADOR-DESIGNATE TO BELGIUM, HAS BEEN ABOLISHED.

B. ACTIVITY ON OFFSHORE ISLANDS CONTINUES

ACCORDING TO OFFICIAL VIETNAM PRESS THE INTERNATIONAL COURT OF JUSTICE AT THE HAGUE HAS ACKNOWLEDGED RECEIPT OF A JAN. 20 PROCLAMATION ON THE PARACEL ISLANDS BY THE REPUBLIC OF VIETNAM'S NATIONAL ASSEMBLY. THIS WAS AN UNOFFICIAL GESTURE BY THE LEGIS-
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LATURE HOWEVER, AS THE GVN HAS NOT YET BROUGHT THE MATTER UP OFFICIALLY BEFORE THE COURT. ON FEB 22 OFFICIAL VIETNAM PRESS REPORTED THE COMPLETION OF A GARRISONING OPERATION WHICH PLACED GVN FORCES ON FIVE OF THE ISLANDS.

C. GVN WORKS TO PREVENT "PRG" PARTICIPATION AT LAW OF WAR CONFERENCE

THE MINISTRY OF FOREIGN AFFAIRS AND GVN MISSIONS OVERSEAS HAVE BEEN DEPLOYING CONSIDERABLE EFFORT RECENTLY TO PREVENT THE "PRG"'S BEING ADMITTED TO THE LAW OF WAR CONFERENCE NOW TAKING PLACE AT GENEVA (SAIGON 1966). A VOTE ON "PRG" ADMISSION IS DUE THIS WEEK.

D. BILATERALS CONTINUE AS USUAL

FORTY-SECOND PLENARY SESSION OF GVN/"PRG" BILATERAL NEGOTIATIONS AIMED AT A POLITICAL SETTLEMENT IN SOUTH VIETNAM TOOK PLACE ON FEB 22 BUT ACCOMPLISHED NOTHING AS BOTH SIDES RESTATED THEIR WELL KNOWN POSITIONS AND TRADED ACCUSATIONS.

END CONFIDENTIAL
BEGIN UNCLASSIFIED

III. ECONOMIC

A. PROSPECTIVE INVESTORS MEET

SINCE THE CEASE-FIRE AGREEMENT LAST YEAR, THE NUMBER OF FOREIGN BUSINESSMEN VISITING VIETNAM HAS INCREASED SUBSTANTIALLY. IT IS TOO SOON, ONLY A YEAR AFTER THE CEASE-FIRE, TO EXPECT MOST PROSPECTIVE INVESTORS, WHO ACKNOWLEDGE THAT ATTRACTIVE BUSINESS OPPORTUNITIES EXIST, TO COMMIT THEMSELVES. THE MAJOR EXCEPTION IS THE OIL COMPANIES, WHICH ARE PREPARING FOR THE SECOND ROUND OF BIDS THIS SPRING FOR EXPLORATION CONCESSIONS. ANOTHER DELEGATION IN THE EXPLORATORY STAGE ARRIVED IN SAIGON DURING THE WEEK TO BEGIN A FOUR-DAY CONFERENCE ON VIETNAM'S BUSINESS CLIMATE. ABOUT THIRTY SENIOR EXECUTIVES ARE IN SAIGON UNDER THE SPONSORSHIP OF BUSINESS INTERNATIONAL, A RESEARCH AND CONSULTING FIRM, MEETING WITH TOP GOVERNMENT AND BANK OFFICIALS. COMPANIES REPRESENTED INCLUDED AMERICAN OPTICAL, CONFIDENTIAL

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ARMCO STEEL, CATERPILLAR TRACTOR, IBM, MARUBENI, TOYOTA, AND UNION CARBIDE.

B. PRICES STABLE

USAID'S SAIGON RETAIL PRICE INDEX WAS DOWN FRACTIONALLY DURING THE WEEK, AS RICE, VEGETABLE AND MEAT PRICES REGISTERED SMALL DECLINES--MAINLY SEASONAL--WHILE NON-FOOD PRICES REMAINED MOSTLY UNCHANGED. SINCE THE BEGINNING OF THE YEAR, THE OVERALL CONSUMER INDEX HAS RISEN 16.5 PERCENT. ALL BUT TWO PERCENT OF THAT INCREASE OCCURRED IN JANUARY, MAINLY ON THE STRENGTH OF THE POL PRICE HIKES. AS A RESULT OF PUBLIC OUTCRY AGAINST LAST WEEK'S ANNOUNCEMENT OF A 68 PERCENT INCREASE IN ELECTRICITY PRICES, THE VIETNAM POWER COMPANY HAS DECIDED TO POSTPONE THE EFFECTIVE DATE OF THE RISE UNTIL MARCH 1.

C. BLACK MARKET CURRENCY AND GOLD

SAIGON GOLD QUOTES CONTINUED TO LAG SUBSTANTIALLY BEHIND HONG KONG, WHERE PRICES HAVE SHOT UP FROM \$115 TO \$163/TROY OUNCE SINCE JANUARY. IN SAIGON, THE GOLD RATE HAS GONE FROM \$103 AT YEAR'S OUTSET TO \$116.84 AS OF FEB 25. MARKET SOURCES REPORT THAT HONG KONG BUYERS ARRIVING IN SAIGON TO TAKE ADVANTAGE OF DISCOUNT RATES WERE PRINCIPALLY RESPONSIBLE FOR THE \$5/OUNCE INCREASE IN SAIGON PRICES DURING THE WEEK. BLACK MARKET DOLLAR RATES SLIPPED SLIGHTLY, FROM 575 TO 572 PIASTERS/\$1 FOR US\$100. MARTIN

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TAGS: PINT, PFOR, ECON, VS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005